

CONSIDERATIONS ON THE BANKING PRODUCTS AND SERVICES IN THE GLOBALISATION CONDITIONS

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The changes occurred in the banking marketing in our country have their origin, firstly, in the changes of the organisational culture which has evolved in the last ten years from the bureaucratic behaviour, categorised excessively, to a specific behaviour for the market economy, based on the knowledge of the clients, on the competition and on the promotion of the mentality of a winner. The organisational culture can be changed in time, as long as the employees are aware of the objectives followed, as long as they are selected and promoted in conformity with these objectives and as long as the feeling of belonging to the organisation has formed which depends essentially on the satisfaction that the employee feels towards the activity he/she enrolls. Due to the stimulation of the own personnel, the banks, through superior wages as for the best paid sectors of the national economy, have managed to attract the interest of the existing professionals, as well as of the young specialists willing to dedicate to a banking carrier. The training programs organised through the means of the Romanian Banking Institute or through distinct programs organised by the banking companies in our country have contributed to the motivation of the personnel, as well as to the consolidation of the new organisational culture.

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Everywhere in the world the card industry is revolutionised constantly. In Holland, the banks are in full process of massive introduction of the electronic wallets, while in Romania, on Sept. 30th, 2008, the number of cards issued exceeded the number of the population (21.8 million cards issued). The application of the "smart cards" technology for the transfer of funds creates the premises for the substantial reduction of the quantity of paper and metal money in circulation.

The extension of the payments through the cards has increased in the West, and lately in other parts of the world, fact that determined the reduction of the cash circulation, not exceeding 20% from the transactions volumes. The passing to the Euro currency offers the smart cards the great chance of fulfilling the central place in the fund transfers. The more electronic money is used, the easier the new currency introduction will be. The beginning of the third millennium has meant the début of a new process which will lead, in only a few years, to the total replacement of the magnetic stripe cards with the smart cards, this type of cards offering a higher degree of safety for the users, the information stored on them being impossible to alter or copy. It is designed with a chip and the card will operate as a "bag" previously loaded with money that can be used for payments, and the balance will be reduced in proportion with the purchases.

The cards can be funded at the automatic banking desks or at the special terminals within the banks. The microchip technology will continue to become more and more popular. The high degree of safety - the well-known reason of the migration towards the chip cards, is placed into the shade by the optical card performances. The optical card is formed of two layers between which the optical stripe is introduced, based on the CD-ROM technology. This card can be scratched, pierced, but the stored information can still be read. The safety is conferred by the impossibility of data alteration and by the possibility of confronting the card holder's identity with the user's one. Moreover, the optical card disposes of a memory capacity far larger than the one of the chip card. The very large memory of the optical card allows the storage, for example,

of the holder's fingerprint image or the retina, so that the identity theft can become impossible. Moreover, the safety is strengthened by the storage on the card of the user's hologram and of a file which contains the personal identification data.

The necessary investments in such a project are insignificant, in comparison with the advantages that can be obtained. The only necessary change at the level of the banking ATMs and the POSs consists of the installation of an optical stripe reader. Moreover, the high memory capacity will allow banks to offer a wider range of services. However, it is hard to believe that, if, on a world level, the implementation of the chip card has just begun, Visa and MasterCard, the great organisations in the field without which one cannot imagine the generalised implementation of the optical card for the payment solutions, will embrace this project on a short or medium term.

Without a doubt, there is a segment of clients whose needs must be satisfied through the services outside the subsidiary. Taking into account that the clients are subjected to an environment in constant change, the factor time plays an important role in the decision to use a new service or a new product. The holders, because of the long working time, do not find the time to use the banking services, also because the majority of the banks have very limited public hours. The easier the clients access their accounts, the higher the competitive advantage is. Many banks have reached this conclusion, and, consequently, they offer new market products, known under the generic name of home - banking. In this category of products we can find components that serve a single purpose: the possibility offered to the client to access the banking services offer from his/her home, without the necessity of his/her travel to the bank office where he/she has opened the bank account. The globalisation of the banking market through the means of informatics has favoured the movements of capital, eliminating the geographical distances. Thus, the loans, the speculations of any kind have become world activities, "the market barriers" being eliminated. At the same, the changes of technological nature have been accompanied by the appearance of some new financial products and instruments, the banks representing one of the domains with the most intense manifestation of the innovation processes. Thus, the development of the electronic trading makes necessary the adaptation of an afferent system of e-banking, contributing to the creating of some world networks.

The fastest tendency to develop belongs to the electronic trading through the internet and its components internet banking and mobile internet banking. Electronic - banking is the first banking service at distance which has replaced the daily trips to the banks of the business people. The electronic banking allows the user to perform different operations in the bank accounts from the office or from home (home-banking). The instruments like the electronic banking or home-banking are based on a software application of the issuer, installed at the holder's residence, on an individual work plant or in a network. For the companies with an intense activity, the electronic-banking has proved to be really useful. The future of trading is definitely the electronic trading. In such conditions the banks must be ready to allow clients the access to e-banking services for the performance of current operations (the client saves time and reduces the costs and the processing period of the data at the bank). Also, for the clients oriented towards the electronic trading information solutions can be found that once the invoices or the payment orders are issued for the business partner, these must be transmitted at the same time to the bank, the information transmission and processing must be performed in conditions of maximum safety through: the codification and compression of information, code systems, access passwords, limited access competencies, on levels of the system's functions. For the future, it is important that the companies obtain the loans or other funds, by using the e-banking services. Internet-banking must not be seen as a simple extension of the modern products, but also as a way to reduce the transactions costs, doubled by the unlimited geographical coverage. Internet-banking aims at the freedom degree of those who order payments or transfers. They are not tied by the trip to the desk in their relation with the bank, or to be at the company's residence. If in the case of electronic-banking the service can be accessed directly from the computer of the company or

at home, the internet-banking can be used from any computer connected to the internet, wherever this is.

Practically, the service user need not own a personal computer, an internet-café being enough. Moreover, the operations that can be performed are the same as the ones performed with electronic-banking. Banks have started to skip the primary stage of electronic-banking, going straight to the internet banking. There still remains an essential problem which appears in the moment this type of service is implemented: the safety of the communications through the internet. Mobile-banking (the latest technology regarding the financial services supply) promises to revolutionise the way of performing the transactions, offering business people a virtual independence from the contact with the bank. The banking transfers, the payment orders, the transfers, as well as consulting the history of the operations, can be performed directly from the mobile phone. This type of prediction of revolutionising the banking services market at distance is determined by the explosive increase of the GSM telephone users.

According to the estimations, England, Germany, France, Italy and Spain summed up 75% of the European mobile-commerce at the end of 2007. In Italy, which has the highest penetration rate of the mobile telecommunications of the five states and a relatively smaller rate of the internet, it is expected that mobile-banking will exceed the electronic-banking, and the number of users will exceed 2.4 millions. More and more banks from Central and Eastern Europe follow the example of the Western banks in the development of their on-line banking systems. Their motivation is the same: the existing request from the clients for the complete and accessible services, the opportunity to serve more clients without a parallel development, more costly because of the network of subsidiaries, and the surpluses of efficiency in the transaction processing. The financial innovations offer new options in the context of the banking and financial phenomena enrolling at a world level. The last decade the interest for the derived financial products and their afferent markets has increased. Important financial innovations are the mobile values used on the international capital market: the Euro-estimations, Euro-loans, and Euro-bonds etc. These constitute insurance instruments against the financial risk (the so-called hedging), but also a means of speculation. At present, we assist at important reconsideration of the banking operations. Thus, the products dedicated to the capital market have appeared: for example, the GDR - Global Deposit Receipt¹, or of the futures contracts (operations type options, futures or swap on the interest rate, on the exchange rate) - all meant to serve the capital investor, seeking to avoid the risks and to favour the attractive opportunities. The personalised products have been perfected and offered the clients, type private-banking which support the strategy of loyalty of the clients with a high level of incomes, the banker, as a specialist, intervening and identifying with the client, offering him/her the suitable banking products and services for his/her business. The majority of the banks with local and foreign capitals have developed the concept of integrated financial services, offering under the same name, besides the banking products, the insurance, brokerage on the capital market and leasing services.

It is very important to mention the bancassurance phenomenon, which represents the merge between the products and services delivered to the clients by the insurance - reinsurance companies in collaboration with the commercial banks.

The clients benefit from various insurance products, based on the agreement concluded between the insurance company and the bank, the benefit belonging to both parties, the banks becoming the strategic partner of the insurance-reinsurance companies. The dominant form of manifestation has been the sale of life insurances through the bank, accompanied by the cooperation, quite limited in general, in terms of damage insurance or other financial services.

As a consequence of the banks' initiative, this phenomenon has extended to other owners of networks like the post office and the savings banks. In Europe, this phenomenon generalised and

¹ Product destined to the capital market, through which parts of the capital of a bank or a company is purchased.

amplified in the 1990s, due to the considerable increase of the financial market role, of their institutionalisation and , in general, looking for an efficient management of the large active portfolios. The industry of the services is shaped and it gathers the life insurances, the retirement funds, the persons insurances, the consumption loan, the assets management in the third parties account. The more and more important role owned by the bancassurance is underlined by the fact that over 70% of the incomes from bonuses of the insurers specialised on life insurances from Spain come from the sector of bancassurance, and in Belgium and France, this sector has a share of 56%, respectively 62% from the total of the bonuses on the internal market of insurances. In Table 1 and Picture 1, the market rate held by each tip of distribution channel in the main countries of Europe within the bancassurance system is presented:

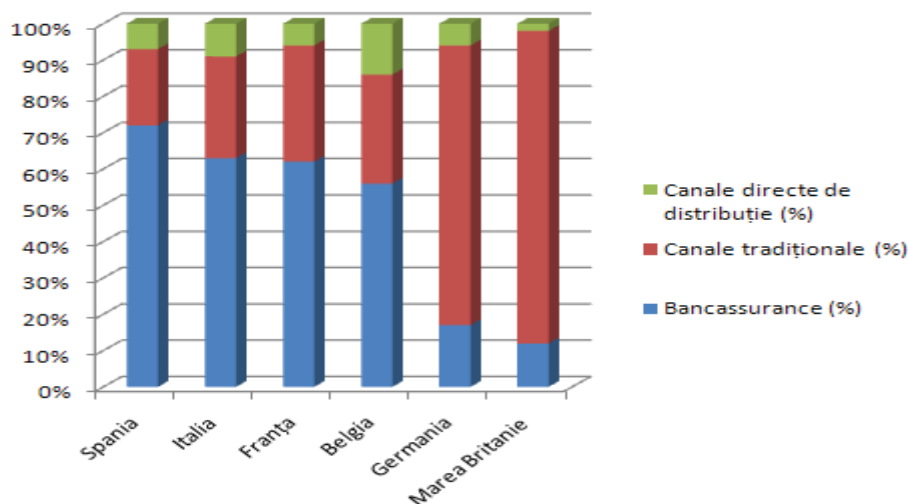
The market rate of the distribution channels within the bancassurance system

Table 2

The country	Bancassurance (%)	Traditional channels (%)	Direct distribution channels (%)
Spain	72	21	7
Italy	63	28	9
France	62	32	6
Belgium	56	30	14
Germany	17	77	6
Great Britain	12	86	2

Source: www.bis.org

Developed through the means of alliances that have formed between the insurance companies and the commercial banks, this modern distribution channels have not had the expected success in countries like the Great Britain, where the life insurance market is structured around the brokerage companies, or in Germany, where the role of the traditional distribution channels is still predominant, approximately 77% from the bonuses coming on this channel. At the level of the European Union, the transition of the banks from the traditional bancassurance deposits is, at the moment, hurried by the competition exercised by the life insurance packages and the programs offered by the private retirement funds. This phenomenon takes place in the countries where the banks have not been traditionally involved in the insurance activities.



The collaboration takes the form of crossed distribution of products, the creation of joint companies, the avoidance of a direct competition, the purchase of insurance companies by the banks depending on the legal regulations, which can be more or less favourable for the longer periods, and on the complexity of the products offered, with the mention that the simple ones have more success, especially if the situation addresses to less sophisticated clients.

The strategic alliances with various traders or insurance companies, together with the alternative distribution channels, not only they lead to the diversification of the sale of the banking services, but they change the costs structure as well. The more a bank manages to go towards this direction, the more it is prepared for the future. The banking services are more or less comparable, the most important criterion of competitiveness being the price. The more a bank can control costs, the more its position will be more solid on the market. Due to the severe competition for the clients, the use of new distribution channels is absolutely necessary for the banks to improve the quality standard of the supplied services, to increase the market share, to reduce the costs and increase the profit.

Conclusions

Through diversifying the banking products and services, the banks will have to take into consideration the numerous risks to which they are exposed, which have not been fully evaluated and they have to study the effects on their banking incomes, as a consequence of the expansion of the electronic banking activities. In a near future, the information technologies will completely change the current configuration of the traditional banks. More and more services will become automatic, the clients will prefer to perform themselves the operations through the internet or the telephone, thus the new bank will become more of a business centre. The current traditional bank will transform into a technical work centre, a sort of a bank without physical clients.

The implementation of some marketing and new management techniques and the automation of the majority of the enrolled operations will allow the banks to extend and diversify the activity. The process of continuous improvement of the services and products offered by the banks has favoured a series of factors, among which the evolution of the informational technology which has constituted an important vector. The information technology continues to modify the nature of the banking and financial activity through the new product and services whose purpose is the increase of the banks capacity to serve their clients.

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